

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 2, 2009

1:07 p.m.

MEMBERS PRESENT

Senator Joe Paskvan, Chair
Senator Joe Thomas, Vice Chair
Senator Bettye Davis
Senator Kevin Meyer
Senator Con Bunde

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Jay Ramras
Representative Gene Therriault

COMMITTEE CALENDAR

Overview: Nenana Basin gas exploration project by Doyon, Ltd.
and Rampart Energy

HEARD

SENATE BILL NO. 159

"An Act increasing the maximum funeral expenses payable as a workers' compensation death benefit; and providing for an effective date."

MOVED SB 159 OUT OF COMMITTEE

SENATE BILL NO. 163

"An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

MOVED SB 163 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 159

SHORT TITLE: WORKERS' COMPENSATION FUNERAL EXPENSES

SPONSOR(S): SENATOR(S) PASKVAN

03/20/09 (S) READ THE FIRST TIME - REFERRALS

03/20/09 (S) L&C, FIN
04/02/09 (S) L&C AT 1:00 PM BUTROVICH 205

BILL: SB 163

SHORT TITLE: MAXIMUM BENEFIT FROM FISHERMEN'S FUND

SPONSOR(s): SENATOR(s) PASKVAN

03/25/09 (S) READ THE FIRST TIME - REFERRALS
03/25/09 (S) L&C, FIN
04/02/09 (S) L&C AT 1:00 PM BUTROVICH 205

WITNESS REGISTER

JIM MERY

Doyon, Ltd.

POSITION STATEMENT: Presented overview of Nenana Basin gas development.

JAMES DODSON

Rampart Energy Company

POSITION STATEMENT: Presented overview of Nenana Basin gas development.

JEFF STEPP

Staff to Senator Paskvan

Alaska State Legislature

Juneau, AK

POSITION STATEMENT: Commented on SB 159 for the sponsor.

MIKE MONAGLE, Program Coordinator

Division of Workers' Compensation Benefit Guaranty Fund

Department of Labor and Workforce Development (DOLWD)

POSITION STATEMENT: Answered questions on SB 159.

TRENA HEIKES, Director

Division of Workers' Compensation

Department of Labor and Workforce Development (DOLWD)

POSITION STATEMENT: Answered questions on SB 159.

KEVIN DOUGHERTY

Alaska Laborers

POSITION STATEMENT: Supported SB 159.

JAKE HAMBURG

Staff to Senator Paskvan

Alaska State Legislature

Juneau, AK

POSITION STATEMENT: Commented on SB 163 for the sponsor.

JERRY MCCUNE

United Fishermen of Alaska (UFA)

POSITION STATEMENT: Supported SB 163.

BOB THORSTENSON

Alaska Seine Boat Owners Association

POSITION STATEMENT: Supported SB 163.

JIM HERBERT

Commercial fisherman from Seward

POSITION STATEMENT: Supported this SB 163.

ACTION NARRATIVE

[1:07:25 PM](#)

CHAIR JOE PASKVAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:07 p.m. Present at the call to order were Senators Davis, Thomas and Paskvan.

**Overview: Nenana Basin Gas Exploration Project
by Doyon, Ltd. and Rampart Energy**

CHAIR PASKVAN announced the overview of the Nenana Basin gas exploration project from James Mery with Doyon, Limited and Jim Dodson with Rampart Energy. He said this project has tremendous implications for both labor and commerce in the state of Alaska, and he looked forward to hearing from them.

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SENATOR BUNDE joined the committee.

JIM MERY, Doyon, Limited, said they believe the Nenana Basin has significant gas and maybe some oil resource, as well. He said they are looking at a 500,000 acre contiguous land package due west of Nenana and the Parks Highway and consists of mostly State of Alaska lands, some Mental Health Trust land, some Doyon, Limited lands which they share with the village corporation of Toghotthele, and University lands - although these lands have a question mark in light of a recent Supreme Court decision as far as their land entitlement. (Those lands could just remain with the State of Alaska.) Their group has spent about \$5 million already in collecting seismic and doing other studies. They believe the Basin has the potential of 1-6 tcf/gas. As a frame of reference, Cook Inlet has produced about

7 tcf/gas since the early 60s. So it could be a very significant resource.

He said Doyon would be drilling a 10,500-ft. well this summer only four miles from the town of Nenana on Mental Health Trust lands - mostly on an existing improved right-of-way. It's very close to infrastructure and the Interties that connect Anchorage and Fairbanks. It would lend itself to very rapid development were they to have success. Later in his presentation he would focus on the job opportunities that are being created all through the summer and what to expect with success in the coming years.

MR. MERY explained that Doyon, Limited is an Alaska Native Land Claim Settlement Act (ANCSA) company and it is the largest private land owner in the state doing \$150 million in business with profits of about \$16 million. They are very active in oil field contracting, drilling, catering, security, engineering, construction, government contracting work and a little tourism. Their other partners are Arctic Slope Regional Corporation, Usibelli Energy, and Rampart Energy.

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JAMES DODSON, Rampart Energy Company, said this company was formerly known as Babcock and Brown Energy, and was formed in 1990. It's a privately held oil and gas exploration and production company. They have productions in five states, and are excited about "the idea that we're going to be drilling out there in about two months."

He moved on to the graphic of Nenana Basin. Nunivak 1 is their first location 4.5 miles west of the town of Nenana and it's a little over 800 sq. miles. The largest single part of it comes from a State of Alaska exploration license issued in 2002. The exploration block includes Doyon and Mental Health Trust lands. They have good pipeline or right-of-way access via the Parks Highway.

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MR. DODSON said they are looking at drilling a 10,500-ft. exploratory well this summer; it will be manned by Doyon Drilling using its Arctic Wolf rig. Equipment has already been pre-positioned across the river. Personnel camps are being provided through Black Gold and Taiga Ventures; a lot of civil work is under way by Bryce and Arctic Construction.

The group is looking at providing 100-120 jobs this year at varying stages of the project - 30 jobs through road construction, 25 additional jobs hauling the rig from the North Slope and back to the North Slope later in the year. The drilling rig will provide around 50-80 jobs. Other positions will include support personnel like catering, housekeeping and road maintenance.

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The prospect could potentially have "an absolute dry hole up to as much as 200 bcf/gas," and the median case would be 60 bcf/gas. Mr. Dodson said, "What I want to convey to you with that is we're just starting out now on a half-million acre-plus sized block with a 2,000 acre prospect."

MR. MERY said they will use one of the smaller rigs in a fleet of seven, an Arctic Wolf rig, that is used specifically for these types of operations - exploration drilling in remote parts of the state.

SENATOR THERRIAULT asked what might be the upper end of the gas they would hope to find and if they found it, what steps and time would it take to delineate it.

MR. DODSON replied that a quick answer would be that they would have enough reserves and proven gas deliverability by 2013 to justify building a pipeline into Fairbanks. Shorter term, they anticipate selling electricity into the Interties from natural gas fired generators.

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MR. MERY again pointed out the great access to bring a pipeline to Fairbanks, for instance, as well as power generation. Not having to go through federal lands and parks makes it a lot easier to develop if they do have early success.

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SENATOR MEYER joined the committee.

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MR. MERY said the core target market has always been bringing pipeline gas to the Fairbanks/North Pole area. A critical element to making gas a reality from a place like Nenana is the need for industrial users. So, Golden Valley and refineries are an essential piece. Everything is on distillates in Fairbanks today; 10-15 bcf/yr. is really the market. Heating, power generation and refineries are the components, and you need about

a 15-20 supply of gas at 10 bcf/yr. to justify a private sector pipeline. So 150-200 bcf/total is the resource they would need. So at 200 bcf they "are swinging for the fence."

Fairbanks today imports 40-70 Mw of power each day; it's increasingly more expensive, and not as reliable as it used to be. The Intertie is nearby and has available space; power could go both north and south. More could go south if the Intertie were to be upgraded. If they found 50-60 bcf/gas they could be in the power business very quickly.

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Increasing shortages to the Anchorage Southcentral area will be severe; depending on who you talk to, they will need 30-70 bcf/yr. by 2015 and beyond when it gets worse. So, Nenana could be an alternative to the bullet line from the North Slope. Obviously they would need a much larger reserve base, but it should be much less than the 2-3 tcf that's talked about being needed for a bullet line from the North Slope through Canada. Nenana isn't viewed as a long-term solution for Southcentral, but it could very well be a medium-term, short-term solution to when the big pipeline comes through.

MR. MERY said they could find enough gas in the next 3 or 4 years to help with that situation even though it is not a focus today. Enstar is very interested in their project.

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He related that ARCO found the possibility of some propane in the gas stream. Apart from delivery of propanes into the Railbelt, Nenana is the hub of barge distribution to the entire Yukon River drainage, and a lot of the communities out there are part of Doyon. If there is an opportunity to give an alternative fuel source to those communities, they would hopefully be less expensive and a little more environmentally sound than moving a lot of diesel.

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MR. DODSON said back in 2005, a \$4.5 million 2D seismic program was generated. The project slowed down after that because of some production tax issues that the legislature has resolved - to the point where Rampart has come into the project. Drilling will start in June of this summer; if gas is found, they would continue exploring which would entail more seismic work.

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CHAIR PASKVAN asked him to define 2D and 3D seismic.

MR. DODSON answered 2D lines are relatively largely spaced - as much as a mile - more of a reconnaissance basis - and 3D seismic is typically run with a seismic line every 110 ft., called "bin sizes" where a lot more data is gathered. You can develop a very complex 3D model of the Basin with it. 3D is typically more of a developmental tool; once you have indications of gas, you can spend a great deal more money on seismic trying to nail down exactly where you want to put your next well(s).

Assuming a full-fledged development scenario, somewhere in the 2011/12 range they could potentially prove up enough reserves to build a pipeline into Fairbanks in 2013. As their ability to deliver gas rises, they would enter into the permitting phase for pipeline rights-of-way to build a pipeline into Fairbanks.

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MR. DODSON said they anticipate using 50-75 people in the winter of 2010 for the 2D and 3D surveys. They would use PGS Onshore, CGG Veritas, and various camp services, surveyors, construction and maintenance workers. The next phase would be the exploration/development/drilling phase and the number of people they would need would be a function of how many rigs were being used. Assuming at least one working rig, they are looking at probably 110-120 people as early as the winter of 2011. Anticipate creating 90-100 jobs for facilities construction - things like pipeline processing facilities and ancillary jobs for catering and maintenance.

CHAIR PASKVAN asked if these were jobs for Alaskans.

MR. MERY responded that right now it's 100 percent Alaskan hire; of those 32 jobs, 80 percent were from the Nenana area itself - 100 percent were from the Nenana/Fairbanks area. About half of those jobs are Alaska Natives who are Doyon shareholders. He has been assured that both Doyon's drill rig and ancillary services would be 100 percent Alaska hire.

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MR. DODSON said he certainly wouldn't look at bringing in any one from outside the state. "Right now to this point in the project we've certainly found that people in Alaska can do everything that this project requires." Multiple pipeline firms will help with pipeline construction, and they anticipate at least 50-100 people for that.

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CHAIR PASKVAN asked what size the feeder line into Fairbanks would be.

MR. MERY replied it would be a 12-inch line costing about \$110 million to get it all the way to North Pole where the industrial users are - with stop offs in Fairbanks. They look for a 30-50 year life on a project like this.

CHAIR PASKVAN asked him to expand on the history of finding oil in the basin.

MR. MERY replied in the 80s the state had a lease sale that was taken up by the major oil companies. Analog studies of their data have indicated that these are all very "gasy" basins and some of them have significant oil production associated with them.

CHAIR PASKVAN noted that this "drill" would go down to 10,500 ft. and asked what the prior depth of drilling was.

MR. DODSON replied that 3,000 ft. was the deepest penetration previously in the basin. They are now focused on the deepest core area of the basin just west of the town of Nenana.

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MR. MERY said Totek Hills wells clearly had "gas shows" that encourage possibilities of propane.

CHAIR PASKVAN asked if there is a geological comparison of this site as opposed to Cook Inlet, which has produced about 7 tcf since the 60s.

MR. DODSON replied they are very correlatable stratigraphically and in terms of age. They are both tertiary-aged interior, non-marine basins. It's important to note that the 9-10 tcf/gas known in Cook Inlet are predominantly what they call biogenic gas - from microbial action - basically digesting coals infused with fresh water and releasing methane as an end product. Their model is based on thermogenic generation of natural gas, which is caused by shales deep enough to cause thermo-chemical reactions that generate natural gas releases. They haven't tried to quantify what the biogenic resource potential is in the Nenana Basin because they really can't. The Cook Inlet Basin is three times the size of the Nenana Basin; so if that one is going to produce 9 tcf, then Nenana might produce 3 tcf.

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MR. MERY showed a spread of jobs they might anticipate through developing power generation based on 40-70 MW of simple cycle base load power. The construction phase would take about 18 months and create up to 180 jobs. Moving into operations would create about 17 good paying jobs that would probably all be located in Nenana.

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MR. MERY explained that this project would reduce the range for wood bison, which is an endangered species under federal Endangered Species Act (ESA). The Alaska Department of Fish and Game wants to put them right in the middle of where they want to explore and they are working with the department to locate other more suitable places in the state to put them that are not in conflict with impending development or get congressional action removing them from ESA jurisdiction.

He said there was a notion that Fairbanks Natural Gas was going to attempt to get special legislation that would pre-authorize AIDEA to basically bond and own \$250 million worth of facilities for them to truck gas down from the North Slope. Their position on that today is that Fairbanks Natural Gas needs to go the AIDEA and AIDEA needs to do its due diligence process. If AIDEA wants to advance that project, they can come back to the legislature next year and have a fuller discussion about what is the best use of state funds. They would have more information then, as well, including results from their wells.

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In summary, he said, there is the possibility of a very large gas resource in the Nenana basin and maybe oil, although a large gas resource is not needed for several types of viable Fairbanks projects. Infrastructure and access would allow them to move quickly to development. Power generation by 2012 and pipeline gas to Fairbanks by 2014; gas for Southcentral is not beyond the realm of possibilities, and there would be a lot of job opportunities for Alaskans.

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SENATOR THOMAS asked what if their first well is dry.

MR. DODSON answered that would be very disappointing. But, they would reinterpret their sonic data, then go ahead and look at other wells and other projects such as the bullet line from the North Slope. It wouldn't condemn the project just like a producing well wouldn't guarantee it.

SENATOR THOMAS asked why he wasn't planning on drilling the second well in the same season.

MR. DODSON replied they thought about it, but that wouldn't be giving themselves the benefit of knowledge gained from the first well.

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CHAIR PASKVAN asked how many wells would have to be drilled to prove up the field.

MR. DODSON replied getting to the point of enough reserves and deliverability would require the ability on a daily basis to hand gas off to a market and that is a function of rock properties (porosity and permeability). They would have to find permeable enough rock and put a well into a reservoir to do a pressure draw down - flaring gas for 30 days to see what that does to deliverability and reservoir pressure. Assuming they could get 6 mcf/day out of a well, they could start off with 40 mcf/day of deliverability which would decline - but you only need 20 mcf/day to serve Fairbanks - it's reasonable to say you could start with seven wells.

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SENATOR MEYER asked the cost per well.

MR. DODSON replied the first one would cost \$15 million - multiple wells - below \$10 million/ea., because a lot of one-time costs for a drill rig would get spread over more wells.

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SENATOR MEYER said that some people think that it should be relatively inexpensive because they have a shallow well, but the biggest cost is mobilizing and demobilizing the rigs.

MR. DODSON responded that the 3,000 ft. Totek Hills well was a stratigraphic test well done by Arco in the early 1980s. Doyon's first well is designed to go to 10,500 ft., and because they are the first deep well in this basin, they have things like a 10,000 lb. blowout preventer even though they may not need it. They use it out of an abundance of caution.

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SENATOR MEYER asked if they just bought seismic data from Arco.

MR. MERY answered the seismic was not available for license because it was a "group shoot," but Doyon got all the internal Arco information.

SENATOR MEYER asked if Arco discovered gas.

MR. MERY replied that there were gas caps, that information is also public according to the AOGCC.

SENATOR MEYER asked how the federal government can say they have to take the wood bison.

MR. MERY replied that most of the land in the Nenana Basin was licensed several years ago from the State of Alaska under an exploration license, but the ADF&G is proposing to put the wood bison out there.

SENATOR THERRIAULT said a resolution on the wood bison issue was introduced several months ago and he hoped the hearings would determine a different area for them or clarify what the ESA means for Alaska. Someone suggested a 10J exemption would protect us.

SENATOR BUNDE asked what kind of Environmental Impact Statement (EIS) he anticipates.

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MR. MERY answered that the road building they are doing now is all on Mental Health Trust lands. The location of the well is probably a quarter mile from state land. Most of this access route is along an existing right-of-way that has some prior improvement as a winter trail.

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CHAIR PASKVAN asked him to describe what kind of mcf pricing mechanism would make this project work, and what that success would mean to the average Fairbanks resident and what economic activity would that bring to Interior Alaska.

MR. DODSON replied that price at which you can sell gas is really to a large degree a function of the rock. If he can drill a well and it can drain because of the tremendous permeability of the reservoir 30 bcf from one well, that's a completely different cost structure than a situation in which he would have to drill to get 5 bcf. Both are in the realm of possibility. If he has to drill six wells to get the same 30 bcf/gas, his capital costs are six times higher.

MR. MERY said at the end of the day gas would have to be priced substantially lower than what Fairbanks residents pay for the btu equivalent in fuel oil, which is anywhere between \$15-\$20/mmbtu.

SENATOR THERRIAULT said he mentioned the changes made in the ACES bill that gave them the same tax structure for instate use and how that tipped the economics of their project. He asked how much of the \$20-million risk capital they will spend on their first well be borne by the state treasury under ACES.

MR. DODSON replied that the state is an active partner in this project at 40 -50 percent.

SENATOR Therriault said about one month ago the Governor told Representative Kelly and him that she had asked AIDEA to start the due diligence process and that is that process that is being played out.

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SENATOR PASKVAN asked for closing statements by Mr. Dodson or Mr. Mery.

MR. MERY thanked the committee for allowing them to speak and said this is a project they are very excited about.

SENATOR PASKVAN said it holds a lot of promise for the state as a whole and he looks forward to the results of their Juno 9 drilling process.

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SENATOR THERRIAULT asked Mr. Mery, if they were successful in getting an informational hearing to build a record on the ESA issues, what would he be looking for specifically with regard to any kind assurances that there will be no problems with the wood bison.

MR. MERY replied that the issue with 10J rule and anything related to the ESA is that it is still subject to litigation, which means expense and delays. Not that they disagree with ADF&G, even if they had a 10J non-essential population status categorization, even if there were challenges in the process you might win, it would take time and money. Part of what Nenana is all about is how fast it can be developed. So litigation is their concern. They don't disagree with ADF&G on fundamentals, but his group risks their time and money.

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SENATOR PASKVAN asked if one of the concepts relative to the wood bison is its introduction in the Yukon Basin as compared to the Nenana Basin.

MR. MERY replied that it's the same problem. They've encouraged ADF&G to look at Western Alaska and the Lower Yukon as places that could work well for wood bison. A lot of Doyon lands are in that area.

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MR. DODSON noted that they are in contractual privity with the State of Alaska, the Alaska Mental Health Trust and with Doyon for their state leases and exploration license. But, their concern would be that with the introduction of endangered species into that basin, control of that ground could be lost to the federal government. It could be deemed critical habitat and subject to the Endangered Species Act. There is a limit to the duration of their license. If they get several wells into the project and get stopped, they will have spent \$40 million for nothing.

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SENATOR THOMAS said it might be helpful for them to explain the nature of the state's (40-50 percent) participation in the project.

MR. MERY responded that laws of general application apply to people that are exploring in the more remote areas of the state - exploration incentive credits, a program through certain types of work that you do in certain parts of the state, and earning production tax credits that can be cashed out with the state or can be sold or transferred.

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SENATOR PASKVAN thanked them for the overview.

At ease from 2:08 p.m. to 2:10 p.m.

SB 159-WORKERS' COMPENSATION FUNERAL EXPENSES

[2:10:47 PM](#)

CHAIR PASKVAN announced SB 159 to be up for consideration.

JEFF STEPP, staff to Senator Paskvan, said that SB 159 makes one simple change to AS 23.30.215(a), which refers to the death benefit in workers' compensation (WC) that says:

If the injury causes death, the compensation known as a death benefit is payable in the following amounts to or for the benefit of the following persons:

This bill addresses section one saying that reasonable and necessary funeral expenses are increased from \$5,000 to a more appropriate level of \$10,000 based on 2009 funeral costs.

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SENATOR BUNDE asked how many workers have been killed on the job and received a death benefit in the past few years.

JEFF STEPP replied that the established cases of workers' compensation fatalities varied from a high of 39 in 2002 to a low of 15 in 2006 over the 10-year period in his chart. Last year it was 29.

[2:15:13 PM](#)

MIKE MONAGLE, Program Coordinator, Division of Workers' Compensation Benefit Guaranty Fund, further clarified the report saying he puts these reports together every year. A fatality includes funeral costs as well as death benefits being paid to the survivors. The cases on the top are actual fatalities that occurred during that fiscal year; the number on the bottom are those fatality cases that the insurance companies continue to pay death benefits on.

[2:17:09 PM](#)

SENATOR BUNDE asked the fiscal impact to the premium of doubling funeral benefits.

TRENA HEIKES, Director, Division of Workers' Compensation, said she would look into getting those figures, but multiplying the additional \$5,000 times the number of deaths would give them the impact on the insurance company. She said, "Given that small number, I think that would be negligible...."

[2:18:39 PM](#)

SENATOR MEYER asked if it would depend on the type of business.

MS. SCAVARA replied that it would depend on the business, because Workers' Compensation premium is based on the risk associated with that industry times the payroll.

[2:19:25 PM](#)

KEVIN DOUGHERTY, Alaska Laborers, supported SB 159. He clarified that 26 fatalities happened in FY 2000, and that works out to \$120,000-\$130,000. The system cost \$226 million, and that works out to less than 1000th of 1 percent. So, they are probably talking about negligible impact. Everyone would probably agree that when a family has a fatality, they want to have a good funeral. He faxed specific costs to the committee of funeral costs in various areas; in Fairbanks for example, a traditional funeral costs \$7,940 plus a headstone for about \$1400 to \$7000; so the \$10,000-figure is certainly reasonable.

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CHAIR PASKVAN closed public testimony.

SENATOR THOMAS moved to report SB 159 from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

At ease from 2:23 p.m. to 2:25 p.m.

SB 163-MAXIMUM BENEFIT FROM FISHERMEN'S FUND

[2:25:47 PM](#)

CHAIR PASKVAN announced SB 163 to be up for consideration.

JAKE HAMBURG, staff to Senator Paskvan, said SB 163 updates the Alaska Fishermen's Fund limit to \$10,000, which would bring the program back to providing a meaningful level of assistance as the payer of last resort for commercial fishermen and crew that sustain injuries while fishing.

The Alaska Fishermen's Fund was established in 1951 to provide for the treatment and care of Alaska licensed commercial fishermen and crew who are injured while fishing onshore or offshore. The upper limit on claims in the fund has remained \$2,500 since 1959. If this had been adjusted for the CPI it would be worth about \$18,229 today. Health care costs have steadily risen and the fund is financed from revenue from each resident and non-resident commercial fishing license and permit fee. In 2008 there were 13,706 commercial fishing permit holders including 135 in the Fairbanks North Star Borough. The account has grown to \$11.5 million due in part to continuing improvements in fishing industry safety.

[2:28:00 PM](#)

SENATOR BUNDE asked if the limit was \$18,229 adjusted for inflation why they are only asking for \$10,000.

MR. HAMBURG replied that typical claims were looked at as well as a sustainable number for the fund to maintain and \$10,000 seemed to be that number.

[2:28:53 PM](#)

JERRY MCCUNE, United Fishermen of Alaska, said this is a dedicated fund on program receipts that go the Department of Revenue and is administered by Fishermen's Fund board and the Department of Labor and Workforce Development (DOLWD). The \$10,000 is a place to start while looking at how many claims come in. He remarked that the previous amount of \$2,500 was only worth \$345 in today's prices. This would give a little certainty to the fishermen, the clinics and the hospitals to not have to go the appeals process to get funds. He explained that fishermen pay up to 39 percent or \$50 as a permit holder, a crewman would pay \$23.40 out of their crew license for a total of about \$1 million per year. Administrative costs run \$307 per claim.

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SENATOR BUNDE said it seems like this is a trial balloon, and he asked if it doesn't negatively impact the fund, would they ask for a greater increase.

MR MCCUNE replied that he would have to sit down with the board again and negotiate those numbers. Permit holders used to pay a bigger amount, for instance. He would have to look at ways of supplementing the fund more. It's true; they want to look at it for a couple of years first.

[2:32:16 PM](#)

BOB THORSTENSON, Alaska Seine Boat Owners, supported SB 163. He illustrated the need for the increase by pointing out that he lost his front teeth when a big block hit him in the face a few years ago. Fixing it cost about \$6,000 and there was a \$2,500 cap. While he was able to make up the difference, a younger skipper with no savings would be badly burdened. Five years ago he lost part of his finger in another accident which cost another \$6,000. He said the \$2,500 as a limit is becoming more obsolete.

He said they are working with the DOLWD and the Fishermen's Fund board on some other regulatory and administrative changes to make this an even better program. Commercial fishermen pay their own way, he pointed out.

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JIM HERBERT, commercial fisherman from Seward, supported this bill. He served on the Fishermen's Fund Board for 12 years and thought this was a wise change. The essence of the program is fishermen helping fishermen. Over time they may see some changes but given his experience with the fund, he didn't think the changes would be drastic. It doesn't take much to spend \$2,500 in the ER; this is something that can really benefit people.

[2:37:01 PM](#)

CHAIR PASKVAN closed public testimony.

[2:37:29 PM](#)

SENATOR THOMAS moved to report SB 163 from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

[2:38:11 PM](#)

SENATOR PASKVAN said he felt it appropriate today on the 50th anniversary of statehood, that the committee should pass this bill, making the first change to the statute since statehood. There being no further business to come before the committee Chair Paskvan adjourned the meeting at 2:38 p.m.